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TO AMEMBASSY TOKYO

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SUBJECT: SECRETARY BUTZ' MEETING WITH MINISTER SAKURAUCHI

FOR AGRICULTURAL ATTACHE

1. MINISTER SAKURAUCHI MET SECRETARY BUTZ IN HIS OFFICE OCTOBER 1 AS SCHEDULED. HE WAS ACCOMPANIED BY TSUNEKICHI KOMURO, SECRETARY TO THE MINISTER, YOSHIHIDE UCHIMURA, DIRECTOR GENERAL, ECONOMIC AFFAIRS BUREAU, MAF, YOSHIHIRA SHIMOURA, DEPUTY GENERAL, ANIMAL INDUSTRY BUREAU, MAF, MINORU TSUKADA, DIRECTOR, INTERNATIONAL PLANNING DIVISION, INTERNATIONAL AFFAIRS DEPARTMENT, ECONOMIC AFFAIRS BUREAU, MAF, HIROSHI MATSUNAGA, TRADE AND TARIFF

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DIVISION, INTERNATIONAL AFFAIRS DEPARTMENT, ECONOMIC AFFAIRS

BUREAU, MAF AND AMBASSADOR YASUKAWA.

2. FOLLOWING IS A SUMMARY OF THE APPROXIMATE 1 HOUR 15 MINUTE DISCUSSION.

SECRETARY BUTZ SAID HE REALLY DID THE GOJ A FAVOR BY REMAINING IN WASHINGTON DURING ECONOM IX. IT WAS TURNING POINT IN STORY OF EXPORT CONTROLS, WHICH WAS NEAR DISASTER FOR SOYBEANS, AND IT IS ALMOST SURE THERE WILL BE NO EXPORT CONTROLS A YEAR FROM TODAY. HE SAID CORN, SORGHUM, SOYBEANS AND WHEAT ARE IN GOOD SUPPLY AND THERE IS NO PRESSURE FOR EXPORT CONTROLS ON THEM. THERE IS SMALL REGIONAL PRESSURE FOR CONTROLS ON COTTON BUT THIS BY NO MEANS A LIKELIHOOD. MOREOVER, ADMINISTRATION IS HEAVILY BEHIND TRADE REFORM ACT AND SECRETARY SHULTZ IS PRESSING FOR TRADE LIBERALIZATION. TRADE IS TWO-WAY STREET. U.S. DEPENDS HEAVILY ON IMPORTS FROM JAPAN AND BEST MEANS FOR PAYING FOR THEM IS WITH OUR AGRICULTURAL PRODUCTS. THE SECRETARY ALSO SAID HE IS FIRMLY AGAINST EXPORT CONTROLS ON LOGS. THE ADMINISTRATION IS OPPOSED TO THE JAVITS BILL (S. 2711). THE TOWER BILL (S. 2053) HAS MORE FLEXIBILITY, AND COMMERCE AND THE ADMINISTRATION FAVOR IT.

MINISTER SAKURAUCHI REPLIED THAT HE APPRECIATED THE SECRETARY'S SUPPORT AND POSITION. HE HAD VERY GOOD MEETING WITH UNDER SECRETARY CAMPBELL DURING ECONOM IX. HE WAS RELIEVED TO HEAR BUTZ' EMPHASIS BECAUSE JAPAN IS HEAVY IMPORTER OF FOOD; AND WAS IMPRESSED WITH BUTZ' STATEMENT REGARDING NEED FOR TWO-WAY TRADE AND NEED TO EXPAND TRADE. HE SAID HE WILL CARRY THIS MESSAGE TO MINISTER NAKASONE, MITI. BUTZ COMMENTED THAT AGRICULTURE CONTRIBUTES HEAVILY TO U.S. BALANCE OF TRADE. THE PRESIDENT, THE SECRETARIES OF COMMERCE AND TREASURY AND HE ARE STRONGLY BEHIND A LIBERAL TRADE POLICY.

THE NEW FARM ACT IS BASIC CHANGE IN PHILOSOPHY SINCE IT NOW PERMITS ENCOURAGEMENT OF FULL PRODUCTION. HE SAID WE ARE TRYING TO EXCEED 1973 PRODUCTION RECORD, AND HOPES THIS PHILOSOPHY BECOMES PERMANENT FEATURE OF U.S. AGRICULTURAL POLICY.

SAKURAUCHI SAID JAPAN CONSTANTLY ASKED GIVE RICE AS AID TO DEVELOPING COUNTRIES IN SOUTH EAST ASIA. JAPAN HAS NOW DISPOSED OF SURPLUS RICE, AND FOOD AGENCY HAD TO GIVE 400,000 TONS OF RICE AND LIMITED OFFICIAL USE

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200,000 TONS OF FEEDGRAINS TO FARMERS AT HEAVY DISCOUNT. HE SAID IT IS MORE IMPORTANT FOR JAPAN TO HELP DEVELOPING COUNTRIES TO PRODUCE MORE INSTEAD OF GIVING THEM FOOD AID, AND ASKED BUTZ' VIEW REGARDING WORLD FOOD CONFERENCE MENTIONED BY DR. KISSINGER IN HIS UN ADDRESS.

BUTZ REPLIED THAT WORLD FOOD CONFERENCE PROBABLY WOULD BE HELD IN UN/FAO FRAMEWORK WITH PARTICIPATION OF LDCS. SAID HE FEELS THAT

DISCUSSION OF MULTI-NATIONAL FOOD RELIEF PROGRAMS SHOULD BE INCLUDED IN SUCH CONFERENCES AND THAT TIME HAS PASSED FOR BILATERAL FOOD AID. BUT ADMINISTRATION HAS NOT YET THOUGHT THROUGH CONCEPT OF A WORLD FOOD CONFERENCE OR PROGRAM.

AMBASSADOR YASUKAWA ASKED IF BUTZ WOULD INCLUDE RUSSIA AND PRC IN CONFERENCE? BUTZ SAID YES. SAKURAUCHI COMMENTED THAT TECHNICAL ASSISTANCE FOR FOOD PRODUCTION AND FOR FERTILIZER USE HAS TO BE INCLUDED IN ANY FOOD CONFERENCE, AND BUTZ AGREED.

SAKURAUCHI SAID MIKAN ORANGE PRODUCTION SCORED RECORD HIGH LAST YEAR, AND PRODUCTION IS GOOD AGAIN THIS YEAR. LIBERALIZATION THEREFORE IS VERY DIFFICULT FOR JAPAN; BUT MIKAN JUICE IS BEING BLENDED WITH U.S. JUICE, AND THE JUICE QUOTA WAS INCREASED FROM 500 TO 1,000 TONS. THE FRESH ORANGE QUOTA WAS ALSO INCREASED.

SAKURAUCHI INVITED SECRETARY BUTZ TO VISIT JAPAN IN 1974 FOR THE NEXT CONFERENCE. BUTZ ACCEPTED. RUSH

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